

Study Guide Score... 27 Name _____

Deduct. Date _____ Class _____

Your Score.



CHAPTER 9

Social Responsibility and Business Ethics

STUDY GUIDE

PART I

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

	TRUE	FALSE	For Scoring
1. The obligation of a business to contribute to the well-being of a community is called business ethics.	_____	_____	1. _____
2. Protection of the environment is not a concern of business.	_____	_____	2. _____
3. Businesses must weigh the interests and concerns of many groups when considering their own social responsibility.	_____	_____	3. _____
4. A non-renewable resource is difficult to replace once it is used up. ..	_____	_____	4. _____
5. Having a staff that is made up of various cultures in our society is a work force issue for our businesses.	_____	_____	5. _____
6. A healthy work force is considered to be a productive work force. ..	_____	_____	6. _____
7. Ethics are principles of morality and/or rules of conduct.	_____	_____	7. _____
8. A business that takes action on social responsibility issues does not incur any monetary costs.	_____	_____	8. _____
9. A code of ethics is a statement of behavior that applies only to the officials of the company.	_____	_____	9. _____
10. The strong moral character of executives and the decisions they make set ethical standards for the business firm.	_____	_____	10. _____

PART II

Directions: For each of the following statements describing a business action, indicate whether the action is a social responsibility or an ethical matter. In the column at the right, write "S" if it is social responsibility and "E" if it is an ethical issue.

BUSINESS ACTION	S or E	For Scoring
1. A business implements technology that reduces the air pollution from its factory. .	_____	1. _____
2. A company removes from the market a product that it found to be dangerous for children.	_____	2. _____
3. A business remodels its office to accommodate physically challenged workers. ...	_____	3. _____
4. A company includes a hiring policy prohibiting age discrimination.	_____	4. _____
5. A business refuses to do business in a country where government officials expect gifts and special favors.	_____	5. _____

PART III

Directions: The following puzzle contains 12 terms from Chapter 9. The terms can be read forward, backward, up, down, or diagonally. Search for the hidden words and circle them; there is one hyphenated word included, but the hyphen is not used in the puzzle.

code
behavior
discrimination
environment

ethics
minorities
non-renewable
pollution

responsibility
safety
social
wellness



ACTIVITIES**Applying Math Skills**

In each of the three business situations described below, the cost of taking socially responsible action is given. Financial information regarding the company also is given. Read each situation and answer the questions that follow.

- A. Caryl Corporation decided to replace its manufacturing process, which met minimal federal air pollution standards, with new technology that reduces air pollution to an almost zero level. Converting to the new process caused the production line to be idle for three days. The new equipment cost \$1.3 million, and the installation cost \$55,000. An idle production line costs the company \$20,000 per day. The annual net profit of the corporation is \$500,000.

1. What is the total cost of Acme Corporation's new manufacturing process?

2. How many years of net profit will be required to pay for this new process?

- B. Barb's Just-Like-Home Bakery uses three ovens that are old and are not energy efficient. She has decided to replace them at a cost of \$1,375 each. Her savings on energy bills is estimated to be about \$260 per oven per year.

1. If Barb earns about \$15,000 per year on her small business venture, how much will the energy savings increase her annual earnings?

2. What percentage increase will that be?

3. How many years of increased earnings will be required to repay the cost of the new ovens?

- C. The employees' union of NanSue, Incorporated, has requested that the company sponsor an employee wellness program. The proposal includes the following items and estimated costs: a wellness center with weight-training equipment, \$36,000; a softball team, \$12,000; a bowling team, \$3,000; free physical checkups for all employees who sign up for the program (estimate of 1,000 persons), \$50,000; sponsorship of a "Run For Your Health" event, \$6,000.

1. What is the total cost of the union's proposal?

2. If employees were asked to pay half of the physical checkups, and if the costs of other items proposed were reduced by 20%, what would be the new total?

3. If the board of directors approves the union's proposal as modified and decides to pay for the proposal over a three-year period, how much would have to be allocated to employee wellness each year?

4. If the board of directors decided to spend only \$50,000 for an employee wellness program, what adjustments would you make to the union's proposal?

Anul Bronson has a mid-sized business that employs about 750 people. His business has grown steadily over the years, and he is the chief executive officer. Anul has become aware that his business can no longer be guided only by his behavior and that of his top executives. A written statement is needed to guide the actions of *all* of his employees if the company is to continue to be a leader in its field.

With your knowledge of business ethics discussed in Chapter 9, and possibly using the Blue Box Values as a guide (see Figure 9-1), write up a statement or code of business ethics for Mr. Bronson's company. Give your statement an appropriate title.

[illegible]

By yourself or in a team of three or four, develop a survey form to use in asking students in your school what they believe businesses should be doing for the school and the community. Include in your survey an equal number of students from each grade level in your school.

1. *Environmental Protection.* Do you feel that businesses are doing enough to protect our environment? If not, what more do you feel they should be doing?
2. *Workplace Diversity.* Do you feel that members of ethnic groups have an equal chance of being employed in local businesses? If not, what do you think should be done?
3. *Safety on the Job.* Are you aware of any safety hazards that employees of local businesses face in their jobs? If so, what are some of those hazards?
4. *Employee Wellness.* Are you aware of any programs that local businesses have that help their employees become and remain healthy? If so, what are some of them?

46

Name _____

Tabulate the answers in a report format showing answers by grade level. If students suggest specific things that businesses should do for the school and/or the community, rank those things according to the number of students who suggest it. Also note the number of students who were not aware of what businesses are doing to promote social responsibility.

C

C

C

Study Guide Score. . . 27 Name _____

Deduct. _____ Date _____ Class _____

Your Score. _____



CHAPTER 10

International Business

STUDY GUIDE

PART I

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

	TRUE	FALSE	For Scoring
1. Trade among nations allows each to take advantage of its area of specialization.	_____	_____	1. _____
2. Usually all the goods sold in a community are produced in that community.	_____	_____	2. _____
3. Because of its many natural resources, the United States can provide for all of the wants and needs of its people.	_____	_____	3. _____
4. Consumers can purchase goods at a lower price because states and regions specialize.	_____	_____	4. _____
5. Consumers want many goods that are not produced in this country. .	_____	_____	5. _____
6. The goods and services we sell to other countries are called exports. .	_____	_____	6. _____
7. The exchange rate is the value of the money of one country expressed in terms of the value of the money of another country. . .	_____	_____	7. _____
8. Foreign currency exchange is handled through currency exchange markets.	_____	_____	8. _____
9. A tariff encourages trade among nations.	_____	_____	9. _____
10. A quota restricts the amount of money that may be taken into a foreign country.	_____	_____	10. _____

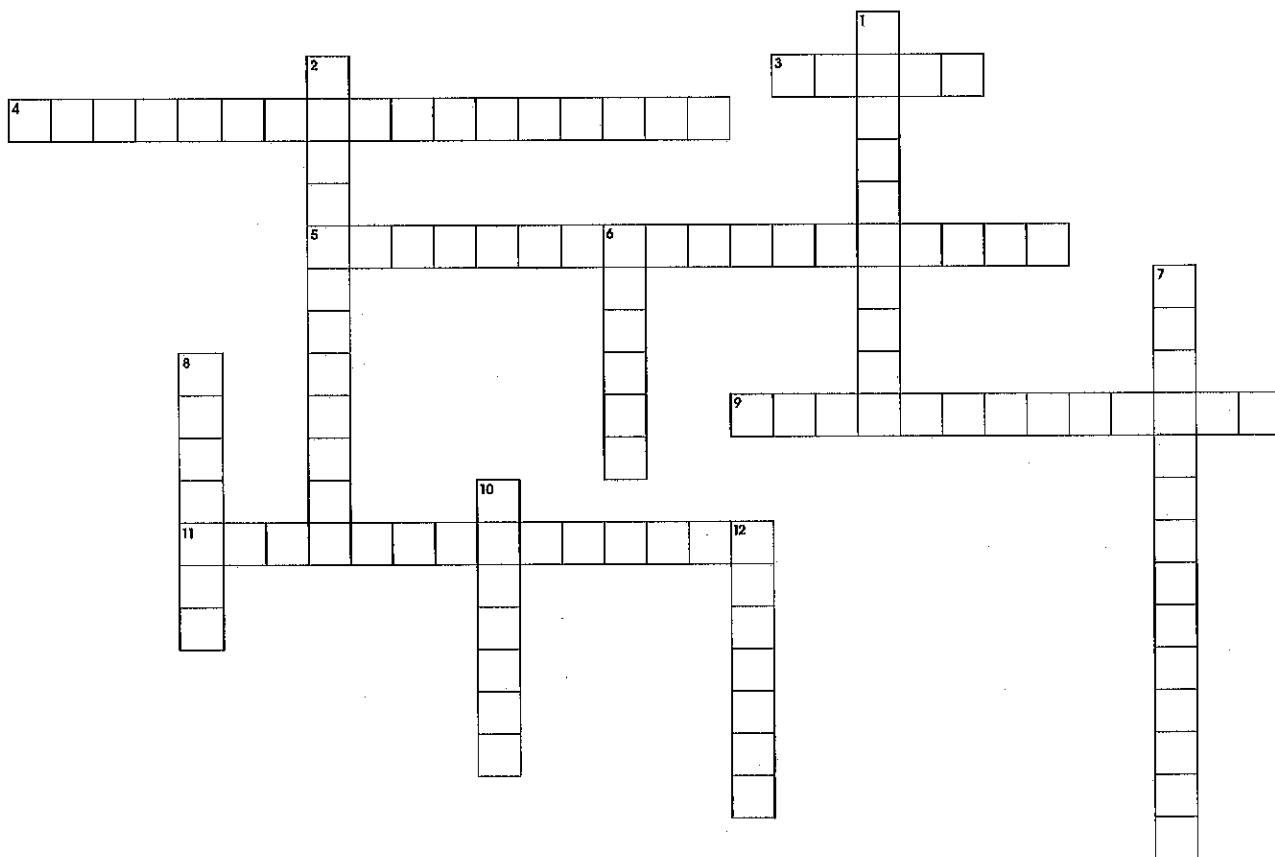
PART II

Directions: Indicate your answer to each of the following questions by placing a check mark on the line under *yes* or *no* at the right.

	YES	NO	For Scoring
1. Is trade with other countries called domestic trade?	_____	_____	1. _____
2. Is trade among different states in the United States called foreign trade?	_____	_____	2. _____
3. Does the foreign exchange market consist of banks that buy and sell different currencies?	_____	_____	3. _____
4. Do embargoes promote trade among nations?	_____	_____	4. _____
5. When a U.S. business buys coffee from a firm in Brazil, is the purchase price usually paid in Brazil's currency?	_____	_____	5. _____

PART III

Directions: The crossword puzzle below contains terms from Chapter 10. Study the definitions and write the terms in the appropriate spaces in the puzzle. There are no spaces between words in a term of two or more words.



Across

3. A limit on the quantity of a product that may be imported or exported within a given period of time.
4. The difference between the total amount of money that flows into a country and the money that flows out of a country for investments, tourism, and nontrade items.
5. Trade among different countries.
9. The buying and selling of goods and services among people and businesses within the same country.
11. The value of the money of one country expressed in terms of the value of the money of another country.

Down

1. Trade among different countries.
2. Another term for trade among different countries.
6. A tax that a government places on certain imported products.
7. The difference between a country's total exports and total imports of merchandise.
8. Goods and services bought from another country.
10. Goods and services sold to another country.
12. Stopping the importing or exporting of a certain product or service.

ACTIVITIES

Applying Thinking and Information Skills

The United States has one of the largest and richest consumer markets in the world. Our consumers buy an enormous amount of goods, including merchandise imported from other countries. The United States has incurred a merchandise trade deficit for many years. In a recent year, the deficit amounted to over \$120 billion.

The table below shows U.S. exports to and imports from 14 international trading partners. Figure the U.S. merchandise trade balance for each one and then answer the questions that follow.

U.S. INTERNATIONAL TRADE WITH SELECTED COUNTRIES (RECENT YEAR)				
(in millions of dollars)				
Country	Exports To	Imports From	Trade Balance	
			Surplus	Deficit
Australia	\$ 12,063	\$ 4,602	_____	_____
Belgium	13,420	7,912	_____	_____
Brazil	15,915	9,626	_____	_____
Canada	151,767	168,201	_____	_____
France	15,965	20,636	_____	_____
Germany	24,458	43,122	_____	_____
Hungary	486	1,079	_____	_____
Italy	8,995	19,408	_____	_____
Japan	65,549	121,663	_____	_____
Mexico	71,388	85,938	_____	_____
Saudi Arabia	8,438	9,365	_____	_____
Sweden	3,314	7,299	_____	_____
United Kingdom	36,425	32,659	_____	_____
Zimbabwe	82	140	_____	_____

(Source: *Statistical Abstract of the United States, 1998.*)

- With how many countries did the U.S. have a deficit? _____
- With how many countries did the U.S. have a surplus? _____
- With which country did the U.S. incur the largest deficit? _____
the next largest? _____
- With which country did the U.S. incur the largest surplus? _____
the next largest? _____
- To which country did the U.S. export the largest total of merchandise? _____
the next largest? _____
- From which country did the U.S. import the largest total of merchandise? _____
the next largest? _____

Applying Information and Math Skills

In a recent year, U.S. citizens who traveled internationally paid the prices shown below in the currency of the country for hotels, lunches, and coffee. Use the currency exchange rates in Figure 10-3 in the textbook, to figure what travelers would pay in U.S. dollars for each item in each city. Then answer the questions that follow.

City, Country	Currency	Cost in Country's Currency		
		Hotel*	Lunch	Cup of Coffee
Toronto, Canada	Canadian dollar	110	11	2
Athens, Greece	drachma	49,589	4,417	1,089
Frankfurt, Germany	mark	252	18	3
London, England	pound	138	8	2
Tokyo, Japan	yen	24,559	2,252	579
(*medium-priced hotel for one night)				

Cost in U.S. dollars:

Toronto, Canada: Hotel _____
 Lunch _____
 Coffee _____

Athens, Greece: Hotel _____
 Lunch _____
 Coffee _____

Frankfurt, Germany: Hotel _____
 Lunch _____
 Coffee _____

London, England: Hotel _____
 Lunch _____
 Coffee _____

Tokyo, Japan: Hotel _____
 Lunch _____
 Coffee _____

1. In which city would you pay the lowest hotel room rate? _____
 In which city would the hotel room rate be highest? _____
2. In which city would you be able to have the lowest cost lunch? _____
 In which city would lunch cost the most? _____
3. In which city could you pay the lowest price for a cup of coffee? _____
 In which city would coffee be the most costly? _____
4. If you were on a limited budget, to which country outside of the North American continent would you go based on the above prices? _____

Applying Interpersonal Skills

The advantages and disadvantages of world trade is a popular topic. The North America Free Trade Agreement (NAFTA) became a controversial issue in the 1992 presidential election. Our large negative trade balance with Japan continues to be of concern to many.

Much has been written about the benefits of world trade, and yet many U.S. citizens remain skeptical. Some argue that jobs are lost because of imports, but many more jobs are created by our exports. World trade becomes an emotional issue when an individual's job and economic standing is affected.

Now that you have studied this chapter, you should have a foundation for developing a better understanding of the value of trading with other nations. But how do the people you come in contact with feel about world trade? Conduct a survey to see how they feel. Do not record any names. Bring the results of your survey to class and share it with your classmates. Below is a list of questions that you might ask.

1. Do you believe that there are advantages for the United States in trading with other nations? Why or why not?
2. Do you believe that a significant number of American jobs are lost because of importing? Why or why not?
3. Do you believe that free trade agreements, such as NAFTA, are good for our economy? Why or why not?
4. Would you like us to place embargoes and/or other restrictions on goods from certain countries? If so, what good(s) and for what reason(s)?
5. Do you think trade increases an understanding of other cultures and people? If so, how?
6. Do you buy goods made in other countries? If so, what and why?
7. Do you think it is possible to "Buy American" in today's marketplace? Why or why not?
8. If employed, is your job related to international trade? If "yes," in what ways?

C

C

C

Study Guide Score. . . 27 Name _____

Deduct. _____ Date _____ Class _____

Your Score. _____



CHAPTER 11

Government in Our Economy

STUDY GUIDE

PART I

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

	TRUE	FALSE	For Scoring
1. Interstate commerce involves just one state.	_____	_____	1. _____
2. One role of government is to protect our basic rights.	_____	_____	2. _____
3. Only businesses benefit from enforcement of contracts.	_____	_____	3. _____
4. Public utilities provide a service or product that is vital to all people. .	_____	_____	4. _____
5. Prices of goods and services are usually lower when there is competition among several businesses.	_____	_____	5. _____
6. Except for public utilities, the government does what it can to encourage monopolies.	_____	_____	6. _____
7. Governments raise money through licenses and fees.	_____	_____	7. _____
8. Patent laws are designed to discourage people from inventing so many new things.	_____	_____	8. _____
9. Governments raise revenue by selling bonds.	_____	_____	9. _____
10. Bonds issued by our federal government are considered to be risky investments.	_____	_____	10. _____

PART II

Directions: Indicate your answer to each of the following questions by placing a check mark on the line under *yes* or *no* at the right.

	YES	NO	For Scoring
1. Does government regulate business to promote competition and fairness? . .	_____	_____	1. _____
2. Does government provide special assistance and important information for businesses?	_____	_____	2. _____
3. Do only federal and state governments have to raise revenue?	_____	_____	3. _____
4. Is a sales tax a major source of revenue for local governments?	_____	_____	4. _____
5. Is an electric company a public utility?	_____	_____	5. _____

PART III

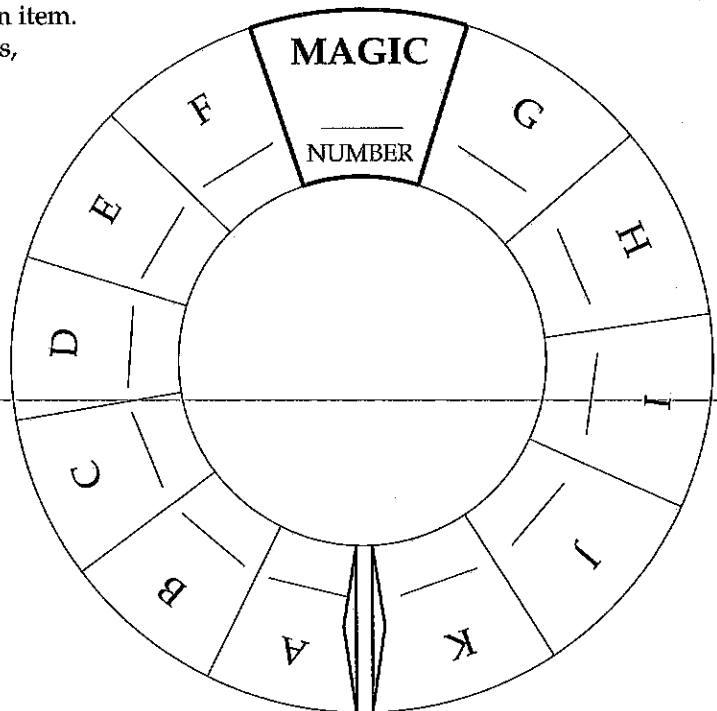
Directions: Below is a list of eleven terms used in Chapter 11. Each term has a value shown by the number beside it. To find the magic number (answer) for the puzzle below, follow these instructions:

- Read each definition.
- Select the term that defines it.
- Find the space on the "Wheel of Magic Numbers" that matches the definition.
- Write the number (or value) of the definition in that space.
- Add all of the numbers on the right side of the wheel.
- Add all of the numbers on the left side of the wheel.
- If you have matched each term with its definition and entered the correct number, your two totals will be the same—that is, they will match the number shown in the "Magic Number" space.

1. interstate commerce
2. intrastate commerce
3. contract
4. patent
5. copyright
6. trademark

7. intellectual property
8. public utility
9. monopoly
10. antitrust law
11. revenue

- A. When a business has control over a market for a product or service.
- B. Business transactions involving businesses in more than one state.
- C. An organization that supplies goods or services that are vital to all people.
- D. Property that is intangible (cannot be seen or touched).
- E. Business transactions involving companies that do business in just one state.
- F. Words, letters, and symbols associated with a particular company or product.
- G. Government action designed to promote competition and fairness among businesses.
- H. An agreement to exchange goods or services for something of value.
- I. Government income.
- J. The exclusive right to make, use, or sell an item.
- K. Protection for the creative work of authors, composers, and artists.



Name _____

ACTIVITIES

Applying Critical Thinking Skills

Government units are involved in a wide variety of activities. Column 1 below lists five areas in which the government is involved in our economy. In Column 2 list two or more specific government activities for each area of government involvement. The first item is given as a sample.

COLUMN 1	COLUMN 2
providing services	Sample: <i>libraries</i> <i>fire protection</i> <i>highways</i> <i>schools</i>
protecting society, businesses, consumers, and workers	
regulating and managing the economy	
providing information and financial assistance	
buying goods and services	

Applying Thinking and Information Skills

As you have learned, governments raise money in several ways, including levying taxes. Tax revenues are an important source of money to support government services. The table below shows total tax revenues for 10 selected countries in a recent year. Study the table and then answer the questions that follow.

TAX REVENUES		
Country	Total (in billions)	Per Capita (in dollars)
Australia	\$ 88	\$ 5,050
Canada	221	8,190
Denmark	63	12,219
France	528	9,255
Germany	661	8,279
Japan	1,043	8,419
Luxembourg	5	11,976
Switzerland	72	10,489
United Kingdom	364	6,341
United States	1,655	6,650

Source: *Statistical Abstract of the United States, 1994*

1. In which country does the individual citizen pay the most in total taxes? _____

How much does a citizen there pay? _____

2. Which country raises the lowest amount of total tax revenues? _____

How much does it raise? _____

Why is the amount paid per individual so high? _____

3. Compared with the other countries shown in the table, how does the United States rank in terms of taxes paid by each individual citizen?

U.S. citizens commonly complain about the high taxes they have to pay; based on this table, do you believe that these complaints are well-founded?

Name _____

4. Rank in order the top five countries according to the total amount of taxes raised. Put the highest total as number one. Then rank the top five countries according to the amount of tax per capita making the highest figure number one.

*Top Five Countries in Total
Tax Revenue*

1. _____
2. _____
3. _____
4. _____
5. _____

*Top Five Countries in
Per Capita Tax Dollars*

1. _____
2. _____
3. _____
4. _____
5. _____

Which countries are in the top five in both lists? _____

Why is the United States not in the top five in per capita tax dollars? _____

Applying Information

Listed below are actions that have been proposed by state and local governments. For each situation, decide whether taxes would most likely increase, decrease, or remain constant. Write your answers in the spaces provided. Be prepared to discuss your answers in class.

PROPOSED ACTION	EFFECT ON TAXES
1. The community swimming pool will start charging admission; it was previously free.	
2. The city council would like to buy state-of-the-art fire-fighting equipment.	
3. Trash collection is being changed from twice a week to once a week.	
4. The park district is collecting newspapers and aluminum cans for sale to a recycling company.	
5. A need exists for improved street lights throughout the downtown shopping areas.	
6. The city will contribute additional money into the employees' pension fund.	

7. The government must borrow money to finance the building of a new athletic complex for the high school.	
8. A vacant school building and grounds sold to a developer for a new housing area.	

Analyzing Information

Each month the federal government reports information about various aspects of our economy. This information is often presented in newspapers and magazine articles. Locate one of these articles, read it, and prepare a report following the outline below. Attach a copy of the article to your report.

I. Cover sheet

Title of the article

Source

Date

Your name

Class

II. Body of the report

Summary of the information presented in the article.

Statements on how this information affects you, your family, or your community.

Statements on how this information affects local businesses, workers, and the economy in general.

Comments on how this information has changed over the past few months if any has occurred.

III. Concluding comments

Ideas on what future government actions might be taken as a result of this information.

Your opinion as to the value of this information.